

APPENDIX

# EXHIBIT 6

This Report is prepared and issued by the developer of this subdivision. It is not prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the Seller any time before midnight of the seventh (7th) day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement at any time within two (2) years from the date of the signing.

NAME OF SUBDIVISION:	<u>HAIG POINT</u>
NAME OF DEVELOPER:	<u>HAIG POINT, INC.</u>
DATE OF THIS REPORT:	<u>7/31/2003</u>

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Note: In this Property Report, the words "You" and "Your" refer to the buyer. The words "We", "Us" and "Our" refer to the developer.

### **RISKS OF BUYING LAND**

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Any value which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact will depend upon the location, size, planning, and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

#### **-WARNINGS-**

**THROUGHOUT THE PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.**

## GENERAL INFORMATION

ON NOVEMBER 17<sup>TH</sup>, 2000 PURSUANT TO THE AFFIRMATIVE VOTE OF THE MEMBERS OF THE HAIG POINT CLUB, INC. AND THE HAIG POINT COMMUNITY ASSOCIATION, INC., MERGER OF THE TWO ENTITIES INTO THE HAIG POINT CLUB, INC. OCCURRED. HAIG POINT CLUB, INC. WAS THEN RENAMED THE HAIG POINT CLUB AND COMMUNITY ASSOCIATION, INC. THE HAIG POINT CLUB AND COMMUNITY ASSOCIATION, INC., A NOT-FOR-PROFIT SOUTH CAROLINA CORPORATION (THE "HPCCA"). PURSUANT TO THE DECLARATION OF COVENANTS AND RESTRICTIONS OF HAIG POINT COMMUNITY ASSOCIATION, INC., AS AMENDED AND THE SIGNATURE MEMBERSHIP PLAN DATED MARCH 1, 1995, AS AMENDED, ON MARCH 28, 2001, HAIG POINT, INC. NOTIFIED THE BOARD OF DIRECTORS OF THE HPCCA THAT THE DEED EVIDENCING THE 651<sup>ST</sup> LOT SOLD BY HAIG POINT, INC. HAD BEEN RECORDED AND THAT TURNOVER OF CONTROL OF HAIG POINT WOULD OCCUR EFFECTIVE APRIL 2, 2001 (THE "TURNOVER DATE"). ON THE TURNOVER DATE, THE DIRECTORS OF THE BOARD OF DIRECTORS OF THE HPCCA APPOINTED BY THE COMPANY RESIGNED AND ALL OF THE RECREATIONAL FACILITIES AND COMMON PROPERTIES NOT PREVIOUSLY TRANSFERRED WERE CONVEYED TO THE HPCCA. THE HPCCA NOW OWNS ALL THE RECREATIONAL FACILITIES IN THE SUBDIVISION AS LISTED ON PAGES 18 AND 19 AND ALL OF THE COMMON PROPERTIES IN THE SUBDIVISION. YOUR PURCHASE OF A LOT IN THE SUBDIVISION GIVES YOU NO RIGHT TO USE RECREATIONAL FACILITIES OWNED BY THE HPCCA UNLESS YOU ARE AN EQUITY MEMBER. THE COST OF AN EQUITY MEMBERSHIP AND ANNUAL DUES ARE SUBSTANTIAL AND THERE IS NO ASSURANCE THAT YOU WILL BE ACCEPTED FOR MEMBERSHIP SHOULD YOU APPLY. IF YOU ARE UNABLE TO PURCHASE AN EQUITY MEMBERSHIP NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE. THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY THE INABILITY TO PURCHASE AN EQUITY MEMBERSHIP AND USE HPCCA FACILITIES. ONCE YOU HAVE PURCHASED AN EQUITY MEMBERSHIP THERE ARE LIMITATIONS UPON YOUR RIGHT TO RESELL IT. A COPY OF THE HPCCA DOCUMENTS WHICH EXPLAIN YOUR RIGHTS AND OBLIGATIONS AS A MEMBER IS AVAILABLE UPON REQUEST.

This report covers 676 lots on 1,050 acres located in Beaufort County, South Carolina. See page 25 for a listing of these lots. No additional lots are planned for this subdivision.

The developer of the subdivision is:

Haig Point, Inc.  
108 Traders Cross, Ste., 102  
Bluffton, South Carolina 29910  
Telephone Number: (843) 706-4017

Answers to questions and information about this subdivision may be obtained by telephoning the developer at the number listed above.

## TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

### METHOD OF SALE

#### Sales Contract and Delivery of Deed

We intend to use the cash method of selling. In cash sales, you will sign a sales contract with a deposit of 10% which will obligate you to purchase your lot for cash at the closing which will occur not more than 180 days from your execution of the sales contract.

As a cash purchaser you will receive a general warranty deed at closing, free and clear of all liens and encumbrances (other than real property taxes not yet due to be paid) and subject only to restrictions, reservations, easements and covenants of record. Your deed will be delivered to you not in excess of one hundred eighty (180) days from the time of your execution of the contract to purchase your lot. It must be recorded by you at your expense.

Mortgage loans may be available to you through local banks if you meet with their credit requirements. You should consult with one or more of the local banks, if mortgage financing is desired. We do not represent that such financing is now or will in the future be available.

The transfer of legal title will be accomplished by a general warranty deed.

### ENCUMBRANCES, MORTGAGES AND LIENS

Lots 65, 78, 81, 147, 148, 158, 160, 161, 163, 164, 198, 295, 332, 388, 390, 402, 405, 406, 407, 408, 415, 417, 418, 419, 618, 619, 620, 621, 622, 624, 625, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 653, 657, 661, 663, 664, 665, and 738 are subject to a mortgage to International Paper Realty Corporation as recorded in Book 1146 at Page 1750 and as modified in the Office of the Register of Deeds for Beaufort County, South Carolina.

## Release Provisions

The Mortgage noted above which is recorded in the Office of the Register of Deeds, Beaufort County Multi-Government Complex, Ribaut Road, Beaufort, South Carolina, contains provisions for the release of individual lots from the mortgage. When you pay the full purchase price of your lot, we will pay to the mortgagee an amount sufficient to release your lot from the mortgage. We will deliver a general warranty deed, which is free and clear of any mortgage liens, to you. Any expenses incurred in this process will be paid by us.

## RECORDING THE CONTRACT AND DEED

### Method or Purpose of Recording

replaced by the deed at closing as described above. Under South Carolina Law, recording of the contract or deed would protect you from such third parties as subsequent purchasers from, or future creditors of the developer. However, it is not the local custom to record sales contracts and it will not be in recordable form.

We will deliver to you at closing a general warranty deed to your lot. It will be your responsibility to record your deed in the Office of the Register of Deeds in the Multi-Government Complex after closing. You will be responsible for paying the costs of recording the Deed which is currently \$10.00 for the first page and \$1.00 for each page thereafter.

**UNLESS YOUR CONTRACT OR DEED IS RECORDED YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.**

## Title Insurance

You should obtain an attorney's opinion of title or a title insurance policy which will describe the rights of ownership which are being acquired in the lot. We recommend that you have an attorney or other appropriate professional interpret the opinion or policy.

## PAYMENTS

### Escrow

Your earnest money deposit will be held in escrow by the law firm of Bethea, Jordan & Griffin, P.A. Post Office Drawer 3, Hilton Head Island, SC 29938. If we default under the terms of the sales contract prior to closing, such earnest money will be refunded to you as provided in the sales contract.



### Prepayments

You may prepay any portion of the funds due under the sales contract at any time without penalty. Under third party financing any prepayment penalties or privileges will be determined by that particular lender.

### Default

If you default prior to transfer of title, we will, at our sole option, either retain all down payments or earnest money deposits as liquidated damages or require specific performance of the sales contract.

### RESTRICTIONS ON THE USE OF YOUR LOT

#### Restrictive Covenants

The development is subject to the Haig Point General Covenants ("General Covenants") and the Declaration of Covenants, Restrictions of Haig Point Community

Book 431 at Page 395, and amended in Deed Book 487 at Page 731, in Deed Book 774 at Page 1217, Deed Book 1365 at Page 1366, and in Deed Book 1589 at Page 180.

Phase XII of the Subdivision which is a portion of Osprey Island is further subject to restrictions contained in Supplemental Declarations of Covenants and Restrictions. Phase XII is subject to the Supplemental Declaration of Covenants and Restrictions (Osprey Island Covenants) which pertain to "Zero" lot line housing, easements and required landscape maintenance as recorded in Deed Book 740 at Page 266, as amended. These Covenants also provide for the right of the Architectural Review Board (the "ARB") to approve or disapprove the architectural plan for any house located in Osprey Island based on quality of design, workmanship and materials, harmony of external design with existing structures and aesthetic considerations. In addition, these Covenants on both Phases XII and XIII provide for membership in the Osprey Island Association, annual assessments and special assessments. The 2003 annual assessment for Osprey Island is \$900.00 per year. Annual assessments may be increased each year by a maximum of 15%. The developer will not be responsible for annual assessments on any unsold Osprey Island lots owned by it. The special assessments may be levied by the HPCCA for the purpose of construction or reconstruction, repair or replacement of capital improvements within Osprey Island.

On July 11<sup>th</sup>, 2000 the members of the Haig Point Club, Inc. and the Haig Point Community Association, Inc. voted to merge the two entities into the Haig Point Club, Inc. and rename it the Haig Point Club and Community Association, Inc. ("HPCCA"). As part of the merger, a Third Amendment to the Covenants and Restrictions of the Haig Point Community Association, Inc. was approved and was recorded in the Office of the Register of Deeds for Beaufort County on December 20, 2000, in Deed Book 1365 at Page 1366. A copy of the Third Amendment is available upon request.

A complete copy of these restrictions is available upon request. Major provisions of these restrictions will be discussed in the paragraphs below; however, this discussion will only highlight certain areas of the General Covenants and the Restrictive Covenants and is not a substitute for a careful study of the restrictions by you.

The General Covenants provide for the right of the Architectural Review Board (the "ARB") to approve or disapprove the architectural plan for any house or lot improvement and the ARB approval must be granted prior to the commencement of any construction. The primary considerations shall be quality of design, workmanship and materials, harmony of external design with existing structures, aesthetic consideration, landscaping plan and location with respect to topography, tree canopy, tree location, finish grade elevations and location of each structure to be built upon the property. All fences, copings or related walls, or any other structure of any type, including any subsequent additions or modifications thereto, must also be submitted to the Architectural Review Board for approval.

We reserve the exclusive right to prescribe or otherwise limit the type, size, weight, and engine or motor characteristics of all vehicles, jitneys, carriages or other modes of transportation to be used within the subdivision at any time. The use of automobiles within the subdivision is prohibited with the exception of construction, utility, or authorized transportation and emergency vehicles.

No structure of a temporary nature shall be erected or allowed to remain on any lot, and no trailer, camper, shack, tent, or other structures of a similar nature shall be used as a residence, or for any other purpose, either temporary or permanent.

No lot shall be increased in size by filling by any method the water or marsh area which said lot abuts. Trees and other plant life shall not be intentionally destroyed or removed except with the prior approval, in writing, of us or our designated representatives (other than within an approved building site).

Your lot will be restricted to single family residential use only, and it may not be further subdivided.

No signs of any type may be posted without prior consent of the ARB, and in the event of a resale, we have a first right of refusal to purchase the lot at the contract price to be exercised within thirty (30) days from the presentment of the contract. Other sections discuss restrictions on household pets, unenclosed wood piles, and storage areas.

The General Covenants describe easements reserved by us for the installation of utility lines. (Note that any historical artifacts found in these easements belong to us.)

Article VII, Section 3, of the General Covenants provides that amendments to the General Covenants require the consent of 66-2/3% of all property owners. Article VIII, Section 2 of the Restrictive Covenants provides that amendments to the Restrictive Covenants shall be deemed approved if 66-2/3% of all votes cast approve such amendment at a duly called special meeting at which 60% of all property owners are present, either in person or by proxy. Any such amendment or modification will apply to every lot in the subdivision.

The developer, the HPCCA, the Architectural Review Board or any property owner can institute judicial proceedings against you to enforce the provisions of the General Covenants and/or the Restrictive Covenants.

The term of both the General Covenants and the Restrictive Covenants is 25 years (1985 - 2010) and upon the recording of the Third Amendment will be extended to 30 years (1985 - 2015). At that time the Covenants shall be automatically extended for successive periods of ten years, unless changed as agreed to according to the provisions of the said Covenants.

#### Easements

The current easements that may affect your lot are drainage easements which may cross a small portion of your lot and ten (10) foot utility easements which may be required for the extension of utility services, as noted on the recorded plat and in the General Covenants. The subdivision is not subject to any type of flood control or flowage easement.

### PLATS, ZONING, SURVEYING, PERMITS, AND ENVIRONMENT

#### Plats

The following is a list of the plats recorded by the developer:

located on in the Multi-Government Complex on Ribaut Road, Beaufort, South Carolina (see Page 25 for complete listing and recording information).

#### Zoning

The PUD Zoning and the General Covenants recorded by the developer restrict the use of these lots to single family residential housing only. In addition, the General Covenants prohibit the use of lots for any type of Vacation Time Sharing Plan as defined by the Code of Laws of South Carolina, 1976, as amended, Section 27-32-10 et. seq.

#### Surveying

All of the lots have been surveyed and have been staked and marked for identification.

#### Permits

Prior to construction on your lot, you must obtain Architectural Review Board approval and a building permit from the Beaufort County Building Inspections Department, located at the Bluffton Center, Room 100, Ulmer Road, Bluffton, South Carolina. Article III, Section 3 of the General Covenants sets forth the criteria by which the Architectural Review Board will approve your plans for construction. You must submit two copies of your plans and pay a review fee, presently \$600.00. The Architectural Review Board will consider various design factors including site location, architectural style, materials, colors, natural vegetation, scenic views and landscaping. The Beaufort County building permit presently costs \$297.00 for

the first \$50,000.00 of home cost and \$3.00 per \$1,000.00 thereafter up to \$500,000.00. Amounts between \$500,000.00 to \$1,000,000.00 will cost \$2.00 per \$1,000.00. All amounts over \$1,000,000.00 will cost \$2.00 per \$1,000.00.

Beaufort County has enacted an Impact Fee Ordinance which provides for the collection of certain fees at the time of issuance of a building permit for new residential construction. Currently, these fees are \$751.00 for fire facilities, \$107.00 for library facilities and \$280.00 for road improvements. No fee is due at the time of closing on your lot, however these fees will be due from you in addition to the building permit fee at the time of application for a building permit.

#### Environment

No environmental study has been prepared. No determination has been made as to the possible adverse effects the subdivision may have upon the environment and surrounding area.

## ROADS

### ACCESS TO THE SUBDIVISION

Access to the subdivision is provided by ferry boat, owned and operated by the HPCCA from property owned by the HPCCA on Broad Creek, Hilton Head Island, South Carolina, to a docking facility located on the north end of the subdivision, Daufuskie Island, South Carolina. The distance by water is 4.4 miles. An easement providing for perpetual use of this embarkation facility in favor of you, your heirs, successors, assigns, guests, or invitees has been recorded at the Office of the Register of Deeds for Beaufort County in Book 453 at Page 13.

Access to the Hilton Head Island embarkation facility is via Palmetto Bay Road, a four lane asphalt paved road approximately 48 feet in width and maintained by the State of South Carolina. You will not be assessed for the maintenance cost incurred for this road. A portion of the annual assessments of the HPCCA, however, may be used for continued maintenance and operation of the embarkation facility.

The construction of both dock facilities was completed June 1, 1986.

The embarkation facility contains an entry gate and parking for four hundred sixty-five (465) automobiles. The annual HPCCA assessments will include some amount allocated for the continued maintenance of the dock and parking facilities. There is no current parking charge; however, HPCCA may impose fees for parking in the future. The HPCCA has formed a wholly-owned subsidiary, HPCCA Ferry Company, Inc., which owns four passenger ferry boats that will accommodate between 47 and 100 passengers each. This subsidiary currently has two water taxi vessels ranging from 25 feet to 35 feet in length. The dock and related parking facilities off of Palmetto Bay Road, and the dock on Daufuskie Island are owned by the HPCCA. The annual HPCCA dues will include some amount allocated for the continued maintenance of the ferry boats, the dock, the related parking facilities off of Palmetto Bay Road and the dock on Daufuskie Island. The water taxi vessels operate between Harbour Town and Haig Point, and the passenger ferry boats operate between the embarkation site and Haig Point. Other than private boats, the water taxis and passenger ferry boats constitute the exclusive means of travel to and from the subdivision. The passenger ferry boats will operate regularly from early morning until late evening, leaving the embarkation and debarkation sites according to a published schedule. The cost of operating the ferry boats is subsidized in part by the annual

HPCCA dues. The water taxi does not include the ability to park a vehicle at Harbour Town. The approximate time for the ferry trip is 30 minutes and the water taxi is 7 minutes. User fees are subject to change.

The developer has assured the continued use of the embarkation facility by recording the easement described above; however, owners and guests of the Oak Ridge and Webb tracts near Haig Point on Daufuskie Island have rights until October 23, 2009 to use the embarkation facility and parking areas to access those tracts. These rights could reduce parking availability at the embarkation facility. To date, these rights have not been used.

**DAUFUSKIE ISLAND IS NOT ACCESSIBLE BY ROAD OR BRIDGE, AND THERE ARE NO KNOWN PLANS BY US OR ANY OTHER ENTITY FOR CONSTRUCTION OF A ROAD OR BRIDGE ACCESS. ACCESS AT THIS TIME IS SOLELY BY WATERBORNE MEANS AND WEATHER CONDITIONS COULD LIMIT THE**

## ACCESS WITHIN THE SUBDIVISION

Access from the ferry boat dock to the lots in the subdivision will be provided by privately maintained roads. The roads leading to the lots are two lane roads, approximately 15 feet in width, with right of way dedicated to the use of lot owners. Main traffic arteries, such as those leading to amenities and the ferry dock, are wider (18 to 20 feet) and may in some instances be one-way. Vehicle access by lot owners will be limited to golf cart type vehicles approved by us, bicycles, horse carriages, and jitneys operated by us or our designee.

All roads have rights-of-way which conform with the requirements of the Beaufort County Development Standards Ordinance.

The construction of the roads within the subdivision is complete.

The road surfaces in Phase I, IIA-E, and III are crushed shell on a stabilized base or improved non-permeable natural composite treatment. The road surfaces for Phases IV, V, VI, VII, VIII, IX, X, XIA, XIB, XII, XIII, XIV, XV, XVI and XVII are improved non-permeable natural composite treatment. The road surfaces for Phases XVIII, XIX, XX, XXI, and XXII are asphalt. Conventional curb and guttering is not utilized in the road construction. Initially, we determined crushed shell on a stabilized base to be the best surface for the intended use of the roadways consistent with the minimal impact on the natural environment. Subsequently, we have determined that an improved non-permeable natural composite treatment road surface or asphalt road surface better suits the intended use of the roadway and maintains the minimal impact on the natural environment. There is no adverse effect upon the development arising from this change in the road surface. The road surfaces for all future phases of the development are planned to be crushed shell on a stabilized base, improved non-permeable natural composite treatment, or asphalt.

All roads within the subdivision have been transferred to the HPCCA. A portion of your annual HPCCA assessment will be used to provide continued maintenance of the road system. Responsibility for road maintenance is only to the extent that the assessments collected from the property owners provide for such maintenance. All roads are maintained so as to provide access on a year-round basis to all lots.

The roads will not be constructed to Beaufort County or State of South Carolina specifications, and the roads will not be maintained by any governmental authority.

**THE DEVELOPER HAS TURNED OVER OWNERSHIP OF ALL ROADS TO THE HPCCA. THE HPCCA IS NOT REQUIRED TO MAINTAIN THE ROADS IF SUFFICIENT FUNDS ARE NOT AVAILABLE FROM THE ANNUAL HPCCA ASSESSMENTS, AND IF MAINTENANCE IS NOT PERFORMED, THE ROADS MAY SOON DETERIORATE AND ACCESS MAY BECOME DIFFICULT OR IMPOSSIBLE.**

#### ACCESS TO NEARBY COMMUNITIES

	<u>Beaufort</u> <u>(County Seat)</u>	<u>Hilton Head</u>	<u>Savannah</u>
Population	20,000	28,800	137,412
Distance over Paved Roads	44 mi.	0	42 mi.
Distance over Unpaved Roads	0	0	0
Distance over Water	4.4 mi.*	4.4 mi.*	4.4 mi.*
Total Distance over paved roads, unpaved roads and water	48.4 mi.	4.4 mi.	46.4 mi.

\* Distance between the embarkation site on Hilton Head Island and the debarkation site on Daufuskie Island.

## UTILITIES

This section will focus on the availability and cost of basic utilities. The areas covered will be water, sewer, electricity, telephone, and fuel or other energy sources.

### WATER

The subdivision is served by a central water system provided by us. Final use and operation permits have been obtained from the South Carolina Department of Health and Environmental Control for all Phases. These are all the permits required to provide for the operation of the central water system in those Phases.

Water is supplied to the subdivision by a privately owned subsidiary company of the developer, Haig Point Utility Company, Inc., having its address at: Ten Haig Point Circle, Hilton Head Island, SC 29928. Water mains have been extended in front of each lot in all Phases.

Each lot owner other than the developer will pay an annual availability fee of \$180.00 paid in quarterly installments of \$45.00 to Haig Point, Inc. When each lot owner connects to the system, the lot owner will pay a one-time connection fee of \$500.00 for water service, and regular user fees as approved by the South Carolina Public Service Commission (SCPSC).

Hydrological surveys and chemical analysis have been done to determine that there is a sufficient source of water available to serve the anticipated population of the subdivision, which supply meets present drinking water standards.

Two water wells have been constructed and are owned by the Haig Point Utility Company, Inc. to supply the potable water requirements for the project. These wells are 10 inch diameter wells, each capable of providing 500 gallons per minute, tapping the upper part of the Tertiary Limestone Aquifer. Each of the wells is capable of yielding at least 1.5 times the average daily demand for water. The present capacity of the central water system is sufficient for 300 single family dwelling unit connections. The developer has entered into an agreement with the S. C. Department of Health and Environmental Control to begin construction of the water storage facilities at such point as there are 240 units served. Such a water storage facility would increase the capacity of the central water system to 725 units. Including the lots in this offering, there are currently 763 connections already assigned with 153 connections currently being served.

An Irrevocable Letter of Credit has been issued to the HPCCA and the Manufactured Housing Division of the Michigan Department of Commerce to assure completion of the construction of the water storage facilities.

**THE PRESENT CAPACITY OF THE CENTRAL WATER SYSTEM IS ONLY SUFFICIENT TO SERVE 300 OF THE 676 LOTS COVERED BY THIS REPORT. ADDITIONAL CAPACITY WILL NOT BE AVAILABLE UNTIL THE WATER**



Use of the central water system is mandatory and no individual systems will be permitted at any time.

## SEWER

This subdivision will use a central sewerage system. The central sewerage system has been completed and the necessary governmental approvals have been obtained for its operation in all Phases. All lot owners will be subscribers to the system and will be entitled to service. Sewer lines have been extended to all lots.

We own and operate the system through a privately owned subsidiary company, the Haig Point Utility Company, Inc. while the sewage treatment plant is owned by Haig Point/Melrose Wastewater Treatment Company, Inc. The South Carolina Public Service Commission (SCPSC) has approved a rate schedule for Haig Point Utility Company, Inc. which provides for a one-time connection fee of \$500.00 for sewer service, and regular user fees.

treatment plant to treat sewage up to 640,000 gallons per day. The sewage treatment plant is owned by Haig Point/Melrose Wastewater Treatment Company, Inc., a South Carolina corporation, whose two stockholders are Haig Point, Inc. and Melrose Utility Company, Inc. This expansion involves the placing of aerators into existing holding ponds. Construction of Phase III of the sewer plant cannot begin until there is sufficient flow of waste water through the central sewer system. Construction will begin on Phase III of the sewer plant when the combined daily flow of sewage into the plant from Haig Point and Melrose reaches 107,000 gallons per day which is 80% of the permitted capacity. The current average daily flow into the treatment plant is 74,000 gallons per day. It is estimated the sewer treatment plant will reach 107,000 gallons per day in December, 2004. As construction on Phase III simply involves the installation of aerators into existing facilities, this construction is estimated to take three months. The developer has obtained all necessary construction permits in order to construct Phase III of the central sewer system and an irrevocable letter of credit in favor of the HPCCA assures completion of Phase III of the central sewer treatment plant. The estimated date for commencement of construction on Phase III of the central sewer system is June, 2004.

Connection to the central sewer system is mandatory and you may not install an individual system.

We own 60% of the permitted capacity of the sewage treatment plant, or 80,400 gallons per day which is sufficient to serve 268 single family dwelling unit connections. Including the lots in this offering there are currently 763 connections already assigned. Upon completion of Phase III of the central sewer system the capacity will be sufficient to serve 1,280 single family dwelling unit connections.

**THE PRESENT CAPACITY OF THE CENTRAL SEWER SYSTEM IS ONLY SUFFICIENT TO SERVE 268 OF THE 676 LOTS COVERED BY THIS REPORT.**

## ELECTRICITY

South Carolina Electric & Gas Company, a public utility company, has agreed to supply electric service to Haig Point. The utility company anticipates completing the service lines in Phases XIX and XXI by September, 2004. You will not be responsible for any cost of upgrading or extending electrical service to your lot. Installation of upgraded service lines for a particular phase typically commences upon completion of the roadway in that phase. Electric service lines have been extended to all Phases except for Phases XIX and XXI which are scheduled for completion as follows:

Phase	Date (Mo./Yr.)	Now Complete	Availability Date (Mo./Yr.)
Phase XIX	Oct., 2000	0%	Sept., 2004
Phase XXI	Oct., 2000	50%	Jan., 2004

You will be required to pay the existing rates for connection, and for electrical service that you use.

The address for South Carolina Electric & Gas Company is P. O. Box 670, Ridgeland, South Carolina, 29936.

## TELEPHONE

The Hargray Telephone Company, regulated by the South Carolina Public Service Commission, will supply telephone service to the subdivision. Service is currently available to the subdivision. The utility company will extend the lines to Phases XVIII, XIX, XX, XXI, and XXII on an as needed basis for completed homes. As the utility company is responsible for line construction, the developer can not provide any assurances as to a completion date. Service lines have been extended to all Phases except for Phases XVIII, XIX, XX, XXI and XXII which are scheduled for completion as follows:

Phase	Estimated Starting Date (Mo./Yr.)	Percentage of Construction Now Complete	Estimated Service Availability Date (Mo./Yr.)
Phase XVIII	Oct., 2000	50%	April, 2004
Phase XIX	Oct., 2000	25%	Sept., 2004
Phase XX	Oct., 2000	50%	Mar., 2004
Phase XXI	Oct., 2000	30%	Mar., 2004
Phase XXII	July, 2001	50%	April, 2004

Installation and service charges will be required to be paid by you at the time of installation of telephones.

#### FUEL AND OTHER ENERGY SOURCES

Electricity and propane gas (for fireplaces) will be the only energy sources in the subdivision.

## **FINANCIAL INFORMATION**

The discussion in this section will focus on our financial information.

A copy of our un-audited financial statement for the period ending December 31,  
2002.

## LOCAL SERVICES

This section will focus on the availability and location of selected local services.

### FIRE PROTECTION

Fire protection within the subdivision is provided by the Daufuskie Island Fire District. The Fire District has nine (9) full time paid firefighters, ten (10) part time paid firefighters, six (6) volunteers, and one (1) full time Chief for year round fire protection. The water supply system includes hydrants that are strategically placed throughout the subdivision to enhance the fire protection. The Daufuskie Island Fire District currently houses two (2) Class A Pumpers, one 5,000 gallon water tanker, two quick response vehicles equipped with rescue equipment and two ambulances. The full time personnel are certified structural firefighters through the South Carolina Fire Academy.

### POLICE PROTECTION

Police protection is available on a year-round basis by the Beaufort County Sheriff's Department, an office of which is located on Palmetto Parkway, off of Highway 278, on the north end of Hilton Head Island, South Carolina. The Beaufort County Sheriff's Office currently provides one deputy to patrol Daufuskie Island.

Police protection is supplemented by HPCCA security with law enforcement authority, licensed by the South Carolina Law Enforcement Division. This security force presently consists of nine (9) officers and operates on a twenty-four (24) hour day, year-round.

### SCHOOLS

A public school through the eighth grade which operates year round is located on Daufuskie Island and is available to residents of the subdivision. Private elementary, junior and senior high schools are located on Hilton Head Island and are available to residents of the subdivision. A public middle school and a public high school are located on Hilton Head Island, South Carolina and are also available to subdivision residents. Beaufort County operates a public ferry to and from Daufuskie Island to provide transportation for school children. There is school bus transportation available to Haig Point.

### HOSPITAL

Hilton Head Regional Medical Center and Clinics is located on Hilton Head Island approximately twelve (12) miles from the subdivision. Telephone access to Hilton Head Medical Center and Clinics and Hilton Head Emergency Medical Service is available by dialing 911. Two ambulances along with a full time paramedic and a full time EMT are maintained on Daufuskie Island by the county. Emergency patients are taken by ambulance manned by Beaufort County EMS personnel to the debarkation dock in the subdivision. Transportation is provided by Haig Point Ferry Company boat, approximately one (1) mile to Harbour Town on

Hilton Head Island, where an ambulance provides transportation to the Hilton Head Hospital. The time required to reach the hospital from the subdivision is approximately forty-five minutes. Also, LIFESTAR medical evacuation helicopter service and the Marine Corps Air Station helicopter are available to Savannah Memorial Hospital with estimated flight time of approximately eight minutes after lift-off from Daufuskie Island.

#### PHYSICIANS AND DENTISTS

The offices of numerous physicians, including dentists, are located on Hilton Head Island approximately eight (8) miles from the subdivision.

#### SHOPPING FACILITIES

A General Store is located in the Strachan Mansion in Haig Point. A wide variety of shopping facilities are located on Hilton Head Island.

#### MAIL SERVICE

Mail delivery is not made to residences on the Island, however, there is a U. S. Post Office located in the former Country Store at the county dock on Daufuskie Island which offers post office boxes for rent. In addition, Haig Point residents may obtain postal boxes at the Haig Point General Store. Mail may be received through these boxes by using the following address: P. O. Drawer 7928, Hilton Head Island, S. C. 29938. Mail may also be addressed: Post Office Box 75, 'Property Owners street address', Daufuskie Island, South Carolina, 29915 and it will be held for pickup at the Post Office at the county dock.

There is no public transportation available within the subdivision. Commercial bus service is available to Hilton Head from Beaufort, South Carolina and Savannah, Georgia. Commercial and chartered air service is available from the Hilton Head Airport located approximately eleven (11) miles from the subdivision. Commercial air service is available from the Savannah, Georgia airport, approximately fifty (50) miles from the subdivision.

## RECREATIONAL FACILITIES

**THE RECREATIONAL FACILITIES LISTED BELOW ARE OWNED BY HAIG POINT CLUB AND COMMUNITY ASSOCIATION, INC. ("HPCCA"). ALL OF THE RECREATIONAL FACILITIES LISTED BELOW EXCEPT THE FRESH WATER LAKES, NATURE TRAILS AND BOARDWALKS ARE AVAILABLE ONLY TO EQUITY MEMBERS OF THE HPCCA. SEE WARNING ON PAGE 2 OF THIS REPORT.**

Facility	% of Construction Now Complete	Est. Date of Start of Constr. (Mo./Yr.)	Est. Date Available for Use (Mo./Yr.)	Financial Assurance of Completion	Buyer's Annual Cost or Assessment
18-hole golf course & driving range	100%	3/85	Available	N/A	☐
Strachan Mansion <sup>1</sup>	100%	86	Available	N/A	☐
Haig Point Lighthouse	100%	N/A	Available	N/A	☐
Clubhouse Complex, Phase I <sup>2</sup>	100%	3/86	Available	N/A	☐
Clubhouse Complex, Phase II <sup>3</sup>	100%	4/88	Available	N/A	☐
Clubhouse Phase II pool	100%	10/99	Available	N/A	☐
Clubhouse Phase II Fitness Center	100%	1/96	Available	N/A	☐
Fitness Center Expansion	100%	10/99	Available	N/A	☐
Four Tennis Courts	100%	9/86	Available	N/A	☐
Two Tennis Courts	100%	10/99	Available	N/A	☐
Beach Club/ Swimming Pool	100%	1/87	Available	N/A	☐

<sup>1</sup> In May of 1986, the developer had the opportunity to purchase an historic mansion located on St. Simons Island, Georgia, and move this facility to the development, where it has been renovated and presently provides a major facility for property owners and their guests. The mansion (approximately 9,000 square feet) presently includes guest rooms, deli, bar and general store.

<sup>2</sup> Phase I contains locker rooms, lounge and restaurant, pro shop, and golf cart storage areas.

<sup>3</sup> Phase II contains additional dining rooms, bar and related club areas.

Facility	% of Construction Now Complete	Est. Date of Start of Constr. (Mo./Yr.)	Est. Date Available for Use (Mo./Yr.)	Financial Assurance of Completion	Buyer's Annual Cost or Assessment
Equestrian Facilities	100%	1/87	Available	N/A	☐
Fresh Water Lakes	100%	3/85	Available	N/A	*
Nature Trails/ Boardwalks (non-club)	100%	3/86	Available	N/A	*
9 Hole Golf Course Extension	100%	3/89	Available	N/A	☐
Community Dock	100%	3/89	Available	N/A	☐
Farm and Garden Area	100%	3/98	Available	N/A	☐

☐ *These amenities have been transferred to the HPCCA and are available only to Equity Members upon payment of applicable club dues.*

\* *Your annual HPCCA assessment will include use of these facilities. These amenities have been transferred to the HPCCA.*

#### CONSTRUCTING THE FACILITIES

We were responsible for the construction of all the recreational facilities. All costs incurred in this construction have been paid by us.

#### MAINTAINING THE FACILITIES

The HPCCA owns the facilities designated by the ☐ and \* above, and subject to receipt of applicable Club dues, will be responsible for the maintenance and operation of these facilities.

#### TRANSFER OF THE FACILITIES

All of the Club Facilities including the 18-hole golf course, the 9-hole golf course extension, Strachan Mansion, Haig Point Lighthouse, Beach Club/Swimming Pool, Equestrian Facilities, Community Park, and Farm and Garden Area have been conveyed by us to the HPCCA on or before turnover of control of the HPCCA to the members, free and clear of any mortgage or encumbrance. Turnover took place on April 02, 2001.



## WHO MAY USE THE FACILITIES

On July 11<sup>th</sup>, 2000 the members of the Haig Point Club, Inc. and the Haig Point Community Association, Inc. voted to merge the two entities into the Haig Point Club, Inc., which was then renamed the Haig Point Club and Community Association, Inc. ("HPCCA"). HPCCA, a not-for-profit South Carolina corporation, now owns all the recreational facilities in the subdivision. Your purchase of a lot in the subdivision gives you no right to use club facilities unless you purchase an Equity Membership. A complete copy of the HPCCA documents is available upon request.

All recreational facilities are available for use only by Equity Members and guests of HPCCA.

The purchase of an Equity Membership will entitle members to the use of the HPCCA facilities upon payment of annual dues. No dividends or other distributions will be paid to members. Upon dissolution, no assets will be distributed to members. The Articles of Incorporation require that the proceeds of sale, merger or liquidation shall be contributed to a tax exempt not-for-profit organization. Members cannot profit by ownership of a membership except upon the possible resale of the membership to the HPCCA. The HPCCA will repurchase a membership according to the terms outlined in Article VI, Section 6 and Section 7 of the By-Laws of the HPCCA.

## **SUBDIVISION CHARACTERISTICS AND CLIMATE**

This section will focus on the basic terrain of the subdivision, its climate and any nuisances or hazards in this area.

### **GENERAL TOPOGRAPHY**

The subdivision lies within Daufuskie Island, a seaboard island in the coastal plains area of South Carolina, immediately south of Hilton Head.

Daufuskie Island is a Pleistocene remnant sea island as classified by U. S. Department of Interior. Located along Calibogue Sound and the Savannah River entrance, rather than, along the Atlantic Ocean, it is sheltered from open-coast wave action and is bordered along its seaward-facing (southeastern) shoreline by sheltered coastal environments (marsh, tidal flats, and nearshore mud deposits).

Its morphology is only remotely related to modern day coastal processes, lacking the long and narrow configuration of coastal barriers. It lacks dune ridges, berms, and low-tide ridges associated with open-coast beaches, having a shoreline along its southeastern shore indicative of a bay or sound, with a combination of sheltered tidal flats, marsh, and nearshore mud deposits.

Daufuskie lacks immature dune vegetation along its sound margin, instead being dominated by climax maritime forest down to the high-water mark. This illustrates a lack of open-coast, modern-day process modifying the shoreline, moving sand onshore and offshore, or building dunes. Instead, the dominance of mature forest vegetation throughout the fastland portion of the island indicates land which has been stable for centuries.

Geologically, the island predates the most recent glaciation, unlike today's coastal barriers with sediments ranging from 80,000 - 120,000 years old at the surface. The island has exhibited long-term stability as evidenced by the lack of washover features, lack of periodic flood damage to terrestrial vegetation, and geologic age of the island (i.e. pre-Holocene Epoch).

Approximately 50% of the subdivision will remain as open space or recreational use and 50% will be developed. All of the lots in this subdivision have slopes of less than 20% and there are no known expansive soil problems. No special construction techniques will be required to erect a residence.

### **WATER COVERAGE**

None of the lots or portions of any lots in this subdivision are covered by water at any time during the year. All developed lot areas have storm drainage systems. However, in the event of unusually heavy rain storms, it is possible that some lots may have some standing

water remaining. This standing water dissipates by runoff, absorption in the ground, or evaporation within thirty-six (36) hours, without any additional rains in the interval.

## DRAINAGE AND FILL

All lots in the subdivision require some fill for construction of a one-story residential structure using methods of construction presently in use in this area of South Carolina. The cost is estimated at approximately \$10.00 per cubic yard, and for a house of 2,000 square feet, it is estimated that the fill cost will range from \$2,250.00 to \$2,500.00. There is no necessity for drainage of surface water from the lots prior to construction.

## FLOOD PLAIN

The subdivision is located in a flood plain. All of Beaufort County has been designated as flood-prone by the Federal Insurance Administration of the Federal Emergency Management Agency. Flood insurance presently is available for owners of residential structures at a cost ranging from \$0.28 to \$0.33 per \$100.00 of value for the first \$45,000.00 of value and \$0.07 to \$0.08 per \$100.00 of value for the value greater than \$45,000.00 up to \$250,000.00. Flood insurance coverage for contents in residential structures is available at a cost ranging from \$0.45 to \$0.72 per \$100.00 of value for the first \$15,000.00 of value and \$0.12 to \$0.14 per \$100.00 of value for value greater than \$15,000.00 up to \$100,000.00. Federal law requires mandatory purchase of flood insurance as a prerequisite to mortgage financing by most institutions in these designated flood hazard areas.

development plan by the Beaufort County Joint Planning Commission, which will provide minimum control for soil erosion, sedimentation or periodic flooding throughout the subdivision.

Surface water run-off and drainage will be accomplished by the creation of lakes and berms. These further serve the subdivision as retention basins to return a portion of the run-off to the natural ground water system. All portions of the drainage system that are constructed adjacent to existing fresh water marshes will be carefully designed to prevent a decrease in the surrounding water quality. Erosion control will also be accomplished by the use of silt fences installed during construction to protect the salt water marshes.

The drainage system for the golf course and surrounding areas, and all Phases is complete.

## NUISANCES

The subdivision is not subject to any unusual or unpleasant noises, odors, pollutants, or other nuisances except that there is a sewage treatment plant adjacent to the property constructed by us, to meet the requirements of the subdivision.

## HAZARDS

The subdivision is potentially subject to earthquakes. The Federal Government in recent years has developed data on earthquake activity in the United States and has produced a seismic risk map of the United States. This map is based on known distribution of damaging earthquakes. Four such zones have been determined on this basis. Due to high intensity earthquake and severe damage associated with the Charleston earthquake of 1886, a large portion of South Carolina is included in the highest intensity zone (Zone 3). The map states that no consideration was given to the probable reoccurrence of high intensity earthquakes. The most recent earthquake was April 17, 1995 with an intensity of 3.9 on the Richter Scale. The center of the earthquake was located about 10 miles northwest of Charleston, S.C. near Middleton Place Plantation.

The subdivision, in common with the Southeast coastal region of the United

Daufuskie Island also has been subject to forest fires and tornadoes.

We are unaware of any proposed plans for construction, either public or private, which may create a nuisance or safety hazard or adversely affect the subdivision. There are no existing or possible future hazards of which we are aware.

The subdivision is located in an area which has a State Fire Rating and has been assigned a rating of 6. The ratings range from 1 to 10, with 1 being the best rating.

## CLIMATE

The average temperatures for the warmest and coldest months of the year are contained in the listing below. The area has an average rainfall of 49.4+ inches and an average snowfall of 0 inches.

<u>MONTH</u>	<u>HIGH</u>	<u>LOW</u>	<u>MEAN</u>
January	59	38	49
July	89	71	80

## OCCUPANCY

basis. There are one hundred thirty-eight (138) homes in the subdivision occupied on a part-time basis as of January, 2003.

### ADDITIONAL INFORMATION

In this heading, we will discuss the following areas:

1. The Property Owner's Association;
2. The Annual Real Estate taxes;
3. Resale or Exchange Program;
4. Equal Opportunity in Lot Sales;
5. Listing of lots.

#### THE PROPERTY OWNER'S ASSOCIATION

The Declaration of Covenants and Restrictions for The Haig Point Community Association, Inc., the subdivision's property owner's association, was recorded on October 1, 1985, in the Beaufort County Office of the Register of Deeds in Deed Book 431, at Page 355, as amended in Deed Book 487 at Page 731, Deed Book 774 at Page 1217, Deed Book 1365 at Page 1366, and Deed Book 1589 at Page 180. On July 11<sup>th</sup>, 2000 the members of the Haig Point Club, Inc. and the Haig Point Community Association, Inc. voted to merge the two entities and become the Haig Point Club and Community Association, Inc. ("HPCCA"). The developer no longer has the right to exercise control over the HPCCA because of voting rights which were effective only until the Turnover Date which was April 02, 2001.

All property owners will automatically become Property Members in the HPCCA. The 2003 annual assessment is \$4,220.00 per year. Assessments may be increased each year by the larger of 5% per year or the annual percentage increase in the Consumer Price Index. The developer is not responsible for assessments on any unsold lots owned after the Turnover date. In addition, the owners of Lots 513-528 and Lots 535-549 must also pay the annual Osprey Island assessment which is \$900.00 for 2003. After Turnover, the developer is responsible for assessments on any unsold lots or dwelling units owned by it, or, may transfer the unsold properties to the Association in lieu of paying these assessments.

In addition to the annual regular assessment, special assessments may be levied by the HPCCA for the purpose of construction or reconstruction, repair or replacement of improvements located on any common properties or open space owned by the HPCCA. The developer shall not be subject to any special assessments for unsold lots it owns.

The function of the HPCCA is to serve as an agency with the authority to maintain and administer the common properties and services within the subdivision. The HPCCA now enforces the covenants and restrictions governing the subdivision, and now disburses all assessments and charges necessary for the maintenance and administration of the common facilities, services and properties.

The developer has transferred its architectural review functions to the control of the HPCCA, which now controls the ARB.

There are no functions or services that are now or will be provided by the developer at no charge for which the HPCCA may be required to assume responsibility in the future. If the level of assessments provided by the current number of owners of dwelling units and residential lots does not allow the HPCCA to meet total planned financial obligations, the developer has no obligation to make up any shortfall.

## TAXES

Upon closing of your purchase of the lot, you will be obligated to pay Beaufort County real property taxes. The taxes for the year in which you purchased the lot will be prorated between you and the developer as of the day of closing. Thereafter, you will be required to pay all taxes assessed on the property.

The amount of County taxes is determined by and paid to the Beaufort County Treasurer's Office which is located in the Multi-Government Complex, Ribaut Road, Beaufort, South Carolina 29901. Using the actual millage rate in 2002 of 236.4 mills the formula for computing estimated 2003 County taxes in Haig Point is as follows:

100% of the appraised value X 6% = assessed value. Assessed value X 221.6 = annual ad valorem taxes.

The millage rate is set on a calendar year basis and is subject to change each year. It should be noted that primary residences occupied on January 1 of a tax (calendar) year may be assessed at a value of four percent (4%) instead of the six percent (6%) rate referred to in the above formula if application for the reduced rate is made by you to the Beaufort County Treasurer.

## VIOLATIONS AND LITIGATION

There are six lawsuits of which you should be aware:

1. The first case is an action brought by us against the architect, general and subcontractors and material suppliers concerning the Haig Point Clubhouse for breach of contract, negligence and breach of warranty claims ("the Construction Claims"). The HPCCA is named as a Defendant to the lawsuit for the purposes of obtaining a declaratory judgment from the Court to determine the respective rights of Us and the HPCCA since the HPCCA contends that it has the right to assert the Construction Claims. Our claims involve the alleged failure of the synthetic stucco on the outside of the Haig Point Clubhouse as well as subsequent treatment by termite exterminators. The claims against the HPCCA involve the interpretation of the HPCCA plan documents concerning reserves and the condition of the assets, as well as a claim for reimbursement of goods transferred to the HPCCA at Turnover.

2. The second case is an action brought by us against the HPCCA to obtain a declaratory judgment from the Court to determine the rights and obligations of the parties under documents relative to Haig Point community including, but not limited to the: Club Purchase Agreement; Declaration of Covenants and Restrictions of Haig Point Community Association, Inc.; Amended By-Laws of HPCCA; HPCCA Rules and Regulations; and, HPCCA Signature Membership Plan (the "Contract Documents"). Our claim includes a breach of contract action under the Contract Documents. Specifically, that the HPCCA is indebted to us for \$368,370.88 for certain inventory and supplies, pursuant to an accounting four days prior to Turnover.

3. The third case is an action brought by the HPCCA against us concerning the conveyance of the golf course property and Clubhouse. The HPCCA contends that the Deed conveying this property to the HPCCA is not effective alleging that we conveyed the property while reserving the right to bring an action for the Construction Claims.

4. The fourth case is an action brought by the HPCCA against us alleging negligence, breach of fiduciary duty, misrepresentation, fraud, violation of the South Carolina Unfair Trade Practices Act, and breach of the covenant of good faith and fair dealing. The HPCCA contends that certain recreational improvements and facilities are not suitable or their condition is unsatisfactory; a reserve fund should have been created and was not; that we were obliged to buy and not lease equipment; and that they are entitled to an accounting office, barge access and a burn site. Further, the HPCCA alleges that the costs of operating the Haig Point Community, and facts relative to the design, construction, supervision and maintenance of the development of Haig Point, were misrepresented.

5. The fifth case is an action brought by the HPCCA against us seeking a temporary injunction preventing the use, communication, destruction, or alteration of records, documents and personal property, i.e., ADP payroll records; financial statements, general ledger records; Libra software database; bank statements/cancelled checks; accounts payable documentation; membership records; original proxies; and tax returns.

6. The sixth case is an action brought by Jay and Susan Freeman against their real estate company, their real estate agent, and us alleging violation of the Unfair Deceptive Trade Practices Act, negligent misrepresentation, fraud, negligent and reckless conduct, and breach of fiduciary duty. The Freemans contend that it was represented to them that the property they purchased was developer property, that it was being sold to them for less than its real value, and that a re-sale could be accomplished in a short period of time at an increased value.

#### RESALE OR EXCHANGE PROGRAM

The General Covenants for the subdivision contain the following restrictions which might hinder you in the resale of your lot:

1. No signs are permitted to be placed on your lot without the permission of the ARB or the HPCCA.



2. The developer has the right to repurchase your lot (and improvements) before you may sell it to a third party, to be exercised thirty (30) days from the presentment of the contract of sale to the developer.

3. Access to the subdivision is restricted. Members of the general public, other than house guests, will not have access to your lot unless accompanied by you.

The developer has a program to assist you in the resale of your lot through on-site real estate brokerage services. We do not have any program which assures that you will be able to exchange one lot for another.

#### EQUAL OPPORTUNITY IN LOT SALES

The developer is in compliance with Title VIII of the Civil Rights Act of 1968 by not directly or indirectly discriminating on the basis of race, color, religion, sex, handicap, familial status or national origin in any of the following general areas: lot marketing and advertising, rendering of lot services and in requiring terms and conditions on lot sales

#### LISTING OF LOTS

Lots which are the subject of this Property Report, all of which are recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, are as follows:

Haig Point, Phase I, Lots 1-111	Plat Book 33 at Page 103
Haig Point, Phase IIC, Lots 142-156	Plat Book 35 at Page 95
Haig Point, Phase IIE, Lots 158-162	Plat Book 34 at Page 126
Haig Point, Phase III, Lots 163-177, 180-202	Plat Book 34 at Page 155
Haig Point, Phase VIII, Lots 293-304, 310-313, 316, 317, 320-324, 327-338	Plat Book 35 at Page 349
Haig Point, Phase IX, Lots 382-389	Plat Book 49 at Page 96
Haig Point, Phase X, Lots 390-425	Plat Book 36 at Page 86
Haig Point, Phase XIX, Lots 617-665	Plat Book 71 at Page 13
Haig Point, Phase XXII, Lots 713-743	Plat Book 79 at Page 25

**COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER**

**COST SHEET**

In addition to the purchase price of your lot, there are other expenditures which must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities.

All costs are subject to change.

**Sales Price**

Cash price of lot .....	\$ _____
Finance Charge. ....	\$ _____
Total .....	\$ _____

**Estimated One Time Charges**

Water connection fee .....	\$ 500.00
Sewer connection fee .....	\$ 500.00
Architectural Review Board Fee .....	\$ 600.00
Beaufort County Facilities Impact Fees .....	\$ 1,138.00
Other (identify). ....	\$ _____

Sum of Estimated Sales Price And One-time Charges ..... \$ \_\_\_\_\_

**Estimated annual charges, exclusive of utility use fees**

Taxes-Average unimproved lot after sale to purchaser .....	\$ _____
Dues and Assessments .....	\$ 4,220.00
Osprey Island Assessments [Lots 513-528 and 535-549 only] .	\$ 900.00
Utility Availability Fees (unimproved lots only) .....	\$ 180.00

\* Figures to be completed for each individual lot before delivery to purchaser.

The information contained in this Property Report is an accurate description of our subdivision and development plans.

HAIG POINT, INC.

By: \_\_\_\_\_  
Leonard H. Ronnie, Jr., President

**RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE**

**PURCHASER RECEIPT**  
**IMPORTANT: READ CAREFULLY**

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

If any representations are made to you which are contrary to those in this Report, please notify the:

Office of Interstate Land Sales Registration  
HUD Building, 451 Seventh Street, S.W.  
Washington, D.C. 20410

**AGENT CERTIFICATION**

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot: \_\_\_\_\_ Block: \_\_\_\_\_ Section: \_\_\_\_\_  
Name of Salesperson: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PURCHASER CANCELLATION**

If you are entitled to cancel your purchase contract, and wish to do so, you may cancel by personal notice, or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: \_\_\_\_\_  
Date of Contract: \_\_\_\_\_

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE**

**PURCHASER RECEIPT**  
**IMPORTANT: READ CAREFULLY**

Name of Subdivision: Haig Point  
ILS NO.: 10347(O)

Date of Report: July 31, 2003

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: \_\_\_\_\_ Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

If any representations are made to you which are contrary to those in this Report, please notify the:

Office of Interstate Land Sales Registration  
HUD Building, 451 Seventh Street, S.W.  
Washington, D.C. 20410

**AGENT CERTIFICATION**

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot: \_\_\_\_\_ Block: \_\_\_\_\_ Section: \_\_\_\_\_  
Name of Salesperson: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PURCHASER CANCELLATION**

If you are entitled to cancel your purchase contract, and wish to do so, you may cancel by personal notice, or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: \_\_\_\_\_  
Date of Contract: \_\_\_\_\_

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) Signature: \_\_\_\_\_ Date: \_\_\_\_\_